Application number: 09/827788   Art Unit: 3625
Applicant: Khai Hee Kwan   Examiner: Naeem Haq
Title: Computer Network Method for conducting payment over a network by debiting
and crediting telecommunication accounts.

<div align="center">Remarks in the claims</div>

5   1. The examiner asserted that claims 33,34,37,38,40,41,44,45 and 47-59 are rejected
under 35 USC 112 (First para).

Claims 33,40 and 53

10   In respect to claims 33,40 and 53, the applicant submits that the examiner had read a
narrow literal interpretation of the claims in respect to the step "the payment
processor receiving approval or rejection from said authentication process
from respective said carrier providers of said payer and said payee" at page 3
of action letter.

15   The examiner is asserting that the limitation receiving approval or rejection from the
payee's carrier provider is missing from the written description. The applicant notes in
page 28 of the original claim 1, lines 5-10 provides:

20   "in the payment processor, upon receiving the account identifier of both payer and
payee, responding with confirming the accounts with the respective
telecommunication service provider's main processor over the network;

in the payment processor, upon receiving a positive response from the said
25   telecommunication service provider of the payer and payee,......."

Despite the above, the applicant has decided to delete this step element as the overall
claim is already too narrow. Furthermore the next element "if said authentications are

both approved,…" is sufficient as it denotes a step of receiving in order to test "IF" function.
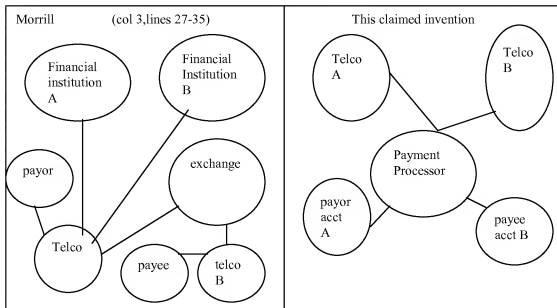
2. The examiner asserted that 35 USC 103 (a) is applicable and rejected claims

5   33,34,40,41,48,51,53,54 and 56 in view of Morrill, Jr (US 5991749) in view of Slater (US 7051001).

The applicant respectfully disagrees for the following reasons:

10   a) The teachings in Morrill does not show payee and payor having accounts from TWO different carriers and the payment processor is a single point of contact. While Morrill teaches it is able to connect to different financial institutions to its carrier, and presumable the examiner is reading the institutions as payment processor that does not mean the payment processor (financial institution in Morril) "is a single point of contact to process

15   transactions between payer and payee having accounts with different telecommunication carrier providers without said providers communicating with each other over said networks."

At col 5, lines 29-35, Morrill merely suggest "business agreements" with other telcos to

20   facilitate its destination code but does not show payment processor is a single point of contact to process transactions between the two different telcos.

Morrill's teaching can be diagrammatically shown as below.

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15   Furthermore, this claimed invention also requires "without said providers communicating with each other over said networks." But if we look at Morrill at col 3 line 5-20, the payor upon receiving the payment confirmation code, the payor sends this to the payee. It is clear for this step "the payor sends this to the payee", the digital message has to travel from one carrier to communicate with the other carrier directly.

20

b) It is also pertinent to note that Col 3 lines 27-35 actually suggests the financial institution is doing the processing (ie debit and credit the financial accounts instead of claimed telco's accounts).

25   Col 3 lines 27-35 reads "If the mobile service provider has established a relationship and computer communication link with a bank clearinghouse, credit card issuer, or other financial institution and has the appropriate authorization from the account owner, <u>debits and credits may instead be performed by those institutions and reflected directly on the</u>

user's and recipient's bank, credit card, or other periodic bill/statement, with only phone usage or transaction charges, if any, shown on the mobile phone statement." (underlined mine)

5   This clearly contradicts this claimed invention where the payment processor directs the telcos (financial institutions debit/credit its own accounts in Morrill) to debit its payor and credits payee accounts with respective telcos. See element "if said authentication are both approved , includes a further step by the payment processor transmitting to said payer's carrier provider to record a debit entry for said transfer amount in said payer's account

10   and transmitting to said payee's carrier provider to record a credit entry for same for payee's account;" The key attribute is where payment processor TRANSMITTING to payer's telco and payee's telco to do debit/credit. In Morrill, it is the telco/CPU which is debit/credit its records. (Col 3, lines 23-24). There is also no teaching by Morrill of linking to Payee's telco and being instructed to credit payee's account. All Morrill taught

15   is for a business agreement between different telcos but did not explain how credit/debit is to be facilitated (Col 5, lines 30-35). Hence this element of transmitting to payer's telco and payee's telco has not be taught.

Furthermore, the concept of a financial institution (assumed to be payment processor by examiner) must necessarily means it has to receive the password, payee/payor account,

20   amount from user if this claimed invention is to be anticipated. But this contradicts with what Morrill is teaching by user sending said data to telco/CPU. Morrill's teaching is for the mobile service provider to debit it own account and if it is with a financial institution then debit the payor's account in said institution. (Col 3 line 30-35). The fact that Morrill taught linked to a financial institution and by labeling it as a payment processor by itself

25   does not means said payment's functionalities as taught by Morrill is now exclusively performed by said financial institution without deference to its telco/CPU as the latter still controls the "authorization from accounts owners". (Col 3 lines 31-32)

Even if the "payment processor" as asserted to be financial institution (could perform all the functionalities in view of Morrill), it still fail to show linked to two different telcos. As depicted above in diagram in this claimed invention, the payment processor is an intermediary (which directs the TWO different telcos to debit/credit) which Morrill failed to teach.

c) Notwithstanding the deletion of the step "the payment processor receiving approval or rejection from said authentication process from respective said carrier providers of said payer and said payee", the remaining element (in next step) states " if said authentication are both approved….." still shows a need to receive authentication from both (payer/payee) telcos is clear.

But Morrill at Col 3 lines 20-35 fails to show this. In fact, and the applicant quotes "This procedure permits face-to-face or remote transactions, with immediate confirmation to both parties, for example, the electronic equivalent of paying cash….." (underlined mine)

Morrill's invention requires immediate confirmation to both parties (payor/payee) while in this claimed invention, the confirmation is from payee's/payer's telcos to the **payment processor** (not payer/payee).

As stated "this procedure" above refers to Col 3 line 5-20, Morrill's invention is where its telco/CPU is combined so it query its own database and could only confirm back to the requesters (payors) with the confirmation code which is send to the payee as evidence/receipt by payor, unlike this claimed invention where the payment processor is the intermediary between two telcos both having to be queried first and confirmed second to payment processor, prior to any transfer.

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d) The examiner asserts that Morrill shows "the payment processor transmitting said payee's account identifier to said payee's telecommunication carrier provider for authentication" and provided col 3, lines 11-18, col 5 lines 29-35 and col 6 lines 7-13.

5   The applicant respectfully disagrees as the examiner clearly has misconstrued the payor and payment processor to believe they are the 'same'. The evidence (col 3 lines 11-18) shows payor (not claimed payment processor) using his mobile device to send an identifier/destination code/vendor code or second party's identifier to <u>payer's mobile service provider</u>. In fact, where the second party is not linked to payer (different party),

10   then the confirmation/authorization number code is sent to payee and NOT as claimed (the payee's account identifier to payee's telecommunication carrier provider).

As shown Morrill's confirmation/authorization code is only generated AFTER transaction is completed. (col 3 line 10-15) However, it is noted that payor actually enters

15   the destination code or vendor code to begin said transaction (col 3 lines 1-10) but no mention of this being transmitted to payee telco for authentication by payment processor.

The steps in Morrill could be summarised as follows:

20   Step 1; payor enter destination or vendor code and send to payer's mobile service provider. (Fig 1D)- also see business agreement when payee is from another telco. (col 5, lines 29-35)
Step 2; if completed, payor receive confirmation code from payer's mobile service provider. (Fig 1E)
25   Step 3; payor send this confirmation code received in step 2 to payee. (Fig 1E)

It is clear none of the steps show "<u>payment processor</u> transmitting said payee's account identifier to said payee's telecommunication carrier provider for authentication…".

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The evidence (col 5 lines 29-35) shows a <u>business agreement</u> between the payee's mobile service provider and the payer's mobile service provider to facilitate a common understanding for the <u>destination account code</u>. How a <u>business agreement</u> teach payment processor transmitting to payee's telco for authentication of payee's identifier is unknown

5   and was not explained by the examiner or Morrill. The evidence (col 6 lines 7-13) shows the payee has in his mobile statement the amount credited but not where his identifier is transmitted to his telco for authentication, therefore is not relevant.

e) Finally, the most critical issue is that this claimed invention requires the PAYMENT

10   Processor <u>linked</u> to a Telco (denoting it is separate to Telco carrier). In this claimed invention, it is the Payment Processor that directs the telcos to debit/credit as mentioned (see last element). It is also this payment processor that sends a query to payee's/payer's telco for authentications. Everything as claimed is done by this Payment processor linked to a telco and not by an expanded CPU in Morrill's telco carrier.

15

Therefore unless the examiner could show an expanded CPU in telco is inherently a payment processor (notwithstanding the earlier admission of financial institution being a linked payment processor as well), then this means all the steps involving sending code to telco/CPU by <u>user</u> as taught by Morrill has not meet this claimed invention.

20

The claimed structural limitation requires said Payment Processor to be linked to a telco and it is this Payment Processor linked to a telco to do all the transmitting/receiving as opposed to telco/CPU receiving the data (payor/payee identifier, amount, password) from user as taught by Morrill.

25

In fact, the examiner had earlier even equated an external party (financial institution) to be its linked payment processor (see page 4 of action letter) which teaches debit/credit its OWN accounts under instruction from Telco. In contrary, this claimed payment processor

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send instructions to debit/credit telco's accounts. The essence of Morrill's telco carrier includes an expanded function in its CPU (ie include account and authorization information, entering a function code on the keypad of a cellular phone or other wireless communication device, and sending the function code to the central processing unit.-

5   Summary). Its link to a financial institution (claimed to be payment processor by examiner) is merely to facilitate circumstances where financial facilities are used instead of a mobile account. On the other hand, this claimed invention treats the telcos as passive entities waiting for instructions send by Payment Processor over a linked network. This is the difference not articulated by the examiner. Even if said Financial Institution could be

10   a 'payment processor' and be linked to telco as claimed, Morrill fails to teach said Financial Institution performing the same functions as this claimed invention (ie by directing the different telcos' CPU). In fact, it is patently clear, Morrill intends the functions be performed by its telco/CPU which is the essence of its invention and not some external payment processor being the point of contact for transactions between

15   payer/payee with different telco's accounts. This is the critical structural difference.

f) Morrill also taught that it uses mobile telephony as its preferred mode of transmission. In all its example, "Neither the actual originating (debited) account/access number, the actual destination (credited) account/access number, nor the user's PIN are sent over the

20   Internet and possibly intercepted." (Col 12 lines 13-18) which is in contrast to this claimed invention where no such limitation are placed against Morrill's teaching. This is also another structural difference the examiner did not articulate.

As for Slater, Col 3 line 51-Col 4, no doubt it uses a "middle man" service provider on

25   behalf of the merchant to transmit to the payer's bank to initiate a ACH transaction. Be that as it may but how is it an invention that uses a "middle man" can combine with one that does not (in Morrill) ? Morrill's teaching is for its expanded telco/CPU to debit/credit its own telco accounts or if there is a relationship with a bank, then for the bank to

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debit/credit the same instead of telco accounts or where there is an account with a
different carrier, then sending confirmation code to payee.

Clearly Morrill fails to see a need for a "middle man" as the required functions is fused at
its CPU or by instructing Financial institution without "middle man" and the examiner
had failed to articulate an apparent reason for this need.

The applicant respectfully submits Morrill does not teach this claimed invention and
should be allowed.

Claim 34, 41,54

Using claim 34 as representative.

*34. According to claim of 33 whereby said transfer amount and said payee's account
identifier is a code sent to payment processor to identify transaction and payee.*

The examiner asserted that Morrill shows this claim at Col 2 line 45 and Col 3 line 5.

This claim requires that transfer amount & payee's account identifier to be <u>A CODE</u> so
that such code is identifiable back to transaction and <u>payee</u> at payment processor. Firstly,
Morrill's invention involves the application of a mobile phone connecting to a mobile
service provider's CPU (Col 2 lines 30-45). This claim considers a payment processor
where the code is received and not a telco service provider's CPU which means the
identifying must be done at payment processor linked to a telco (two separate entities).
As mentioned above, the payment processor is also the intermediary between TWO
carriers/telco while in Morrill there is no separate payment processor as its fused to its
CPU. And even assuming financial institution is a payment processor, the problem here is

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that Morrill did not suggest sending the code to financial institution but rather to mobile
service provider's CPU in contrast to payment processor as claimed.

In FIG 2B of Morrill, it shows that an <u>unique code</u> as used for toll by sending to

5   telco/CPU by mobile user (col 10 line 25-39). But it fails to show such code is send to
Payment Processor and it does not show that such code is identifiable to a particular
transaction as claimed. In col 10 line 30, Morrill teaches " ….unique function code for
the particular facility or toll plaza….". The applicant reads this as identifying the payee
(particular facility or toll plaza) only which is not the same as a code <u>*to identify*</u>

10   <u>*transaction and payee*</u> **(BOTH)** as claimed.

Upon receiving the function code, Morrill matches it with the mobile phone making the
call via data sub-channel, for the identity (of payor) belonging to said mobile phone – See
col 10 line 42 which is not the same as identifying <u>transaction</u> through the code it

15   receives. In short a code has to show transaction and payee (type of good-services/payee).

As for Col 2 line 45 and Col 3 line 5, this is where Morrill teaches the amount is not a
preset default price. This is not as relevant as FIG 2B, as the user has to enter amount and
who to send to which is not the same as claimed which requires <u>a code</u>. The applicant

20   respectfully submits Morrill does not teach this claimed invention and should be allowed.

<u>Claims 37, 44,57</u>

The examiner considers that Morrill, Slater and in view of Smith (US Pat 6487540)

25   shows all the limitations and provided an apparent reason to combine as one skilled in the
art would be motivated to provide the payer with documentation of the transaction. Even
if these would be obvious (which is denied), the dependent claims 37,44,57 are still
allowable as they include features found in the independent claims which are not found in
Morrill as mentioned above in Claims 33,40,53.

Claims 38,45,58

5   The examiner failed prima facie by providing no reasons to show these claims are obvious over the prior arts. This may be merely an oversight and hopefully the examiner will provide so in the next action letter.

10 Claims 49,52,59

These claims are concerned with establishing sub-accounts which the examiner asserts that Erwin (US 6249770) in combination with Morrill and Slater will show the claimed invention. The examiner provided col 8 lines 55-57 reads "In an embodiment of the
15 present invention, the user 2 can save a file as a template if, for example, the user has created sub accounts for one or more main accounts. If the user 2 wishes to use the structure of the current file as a template for another file, the user can save the currently open file as a template and make it the default. When the user 2 creates the template, the user has the option of making it a new default template, so that when new files are
20 thereafter created, they will adopt the same structure as the template.";

and col 10, line 42-45 reads "In an embodiment of the present invention, if a system Input Account 14 does not provide the required level of breakdown, the user 2 can create sub accounts to the main account in order to do so. The Input Account 14 then becomes a
25 calculation, summing the related sub accounts. The user 2 can define sub accounts for any Input Account 14. Creation of sub accounts caters for regional variations while ensuring consistency with top-level methodology of the system. Sub account descriptions can be entered, but sub account references cannot be entered, in order to maintain the account integrity of the system. The user 2 can create sub accounts using an Add/Delete
30 sub accounts button from Sub Accounts 94 of the Toolkit 88 selection of the Company

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Menu 54. The user 2 creates sub accounts by clicking on any Input Account 14 row,
ensuring that the Report Format 76 setting is Input Currency, clicking on the button for
the Toolkit Sub Account 94 selection, and adding the sub account by clicking on an Add
sub account button. Sub accounts can be deleted by the user 2 clicking on any already
added sub account row, ensuring that the Report Format 76 setting is Input Currency, and
deleting the sub account by clicking on a Delete sub account button."

The applicant submits Erwin does not teach establishing sub-account at
telecommunication carrier having corresponding account identifier to the main
telecommunication account as claimed. Col 8 lines 55-57 merely suggest a file can be
save as a template if the user has created sub-accounts for one or more main accounts.
And in Col 10, lines 42-45 it merely suggests the use of sub-accounts for breakdown
purposes. It should be remember that Erwin's invention is "A method and system for
financial spreading and forecasting provides a computerized system for automatically
spreading and analyzing <u>historical</u> financial statements and generating financial
forecasts." (abstract) which is alien to telecommunication accounts (uses real time to
track usage) for making phone calls and therefore one skilled in the art may not consider
this as pertinent. Be that as it may, the establishment of sub-accounts are well known in
financial art but does not translate to mean it could be use in telecommunication accounts
in lieu of the main account for real-time payment as claimed here. It is well known
financial accounts as employed in Erwin are not based on real time but historical data
(see above in abstract).

The apparent reason provided for combining is "..in order to provided the user with a
required level of breakdown as taught by Erwin".

The applicant respectfully rejects this contention is unsustainable. In Morrill, it is said
that the main advantage of its system is to be able to expand "the function of a service

provider's central processing unit to include account and authorization information"
(Summary) and the system is able to provide a breakdown in its statement (Col 4 line 31-38). Therefore, if the intention is for "breakdown" then surely Erwin is not relevant as Morrill already provide such breakdowns in its bills <u>without the need for a sub-account to</u>

5   <u>combine with Erwin</u>. Furthermore, a breakdown does not necessarily means revealed in sub-accounts, the latter which is actually the groupings (summary) of all the transactions/items otherwise qualify as breakdowns. It is also oxymoron to suggest wanting breakdown by applying sub-accounts which actually groups the items as one. So the applicant respectfully submits the motivation is also contrary to common sense as

10   understood in the art.

<u>Claims 47,50,55</u>

The examiner provided no cause or reasons to show any of the prior arts meeting the

15   limitations in these claims. This may be merely an oversight which the examiner had to rectify in the next action letter. Even if Morrill teaches 2 networks, the dependent claims are still allowable as they include features found in the independent claims which are not found in Morrill as mentioned above in Claims 33,40,53.

20   <u>Claims 48,51,56</u>

The examiner asserts that Slater taught this limitation "verifying availability of prepaid funds" and gave the apparent reason as "in order to ensure sufficient funds".

25   The evidence in Slater is shown by the examiner at col 3 lines 62-64 which reads "The service provider's server receives the payment instruction for the merchant and automatically sends the payment instruction with a request for payment over the Internet to the customer's bank's server. The customer's bank's server receives the payment

instruction and <u>request for payment and automatically confirms that sufficient funds are available for the payment instrument in the customer's account,</u> automatically sends an approval of the payment instruction to the service provider's server for the merchant over the Internet, and automatically sends an ACH credit for the payment according to the

5   payment instruction to the merchant's bank for the merchant's account." (underlined mine).

It is without doubt the teaching relates to bank account rather than prepaid account/card. This claim explicitly states "providing a prepaid card" which is not found in Slater and it

10   was unknown at the time of this invention for banks to offer prepaid cards and similarly no reason for it to check/confirm sufficient funds. The examiner's reference to Col 4, lines 17-19 fails to show this element and no explanation was given as to how 'credit' is inherently "prepaid card".

15   However, Morrill did teach about telco prepaid account (Example 1) and it is inherent to recognize that prepaid card must be available by one skilled in the art reading Morrill. Be that as it may, there is no connection to Slater as its check/confirmation does not extend to prepaid cards.

20   Therefore, these dependent claims are still allowable as it fails to be taught by Slater in combination with Morrill and they also include features found in the independent claims which are not found in Morrill as mentioned above in Claims 33,40,53.

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The applicant respectfully asks these claims be allowed.

The applicant respectfully submits this application is now ready for allowance.

5

Yours truly,

K H KWAN

14 April 2008